

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

HOUSE BILL NO. 1168
(Industry, Business and Labor Committee)
(At the request of the Bank of North Dakota)

AN ACT to create and enact a new section to chapter 21-04 and a new subdivision to subsection 1 of section 41-09-23 of the North Dakota Century Code, relating to letters of credit issued by the Bank of North Dakota and requirements for security interests in collateral given to obtain a letter of credit for a pledge of security on a public deposit; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 21-04 of the North Dakota Century Code is created and enacted as follows:

Letters of credit for public deposits - Security interest - Priority - Written agreement. Letters of credit issued by the Bank of North Dakota in connection with section 21-04-09 must be secured by collateral. A security interest is created and attaches when the Bank issues a letter of credit in connection with section 21-04-09. Filing is not required for perfection of the security interest created and it is entitled to priority as to all creditors. The board of directors of a financial institution seeking a letter of credit from the Bank shall execute a written agreement with the Bank, reflect approval of the agreement in the board of director's minutes and, as of the date of execution of the agreement, keep a copy of the agreement as an official record.

SECTION 2. A new subdivision to subsection 1 of section 41-09-23 of the 1997 Supplement to the North Dakota Century Code is created and enacted as follows:

Collateral given by a financial institution to secure a letter of credit issued by the Bank of North Dakota to serve as a pledge of security for a public deposit under section 21-04-09.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-sixth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1168 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 97 Nays 0 Absent 1

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 2

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 1999.

Approved at _____ M. on _____, 1999.

Governor

Filed in this office this _____ day of _____, 1999,
at _____ o'clock _____ M.

Secretary of State